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Theme: Futures in social investment? Learning from the emerging policy and practice of Social Impact Bonds (SIBs)

Editorial: Whither Social Impact Bonds (SIBs): the future of social investment?

Rob Wilson ^a, Alec Fraser ^b, Jonathan Kimmitt ^c, Stefanie Tan ^d, Neil McHugh ^e, Toby Lowe ^f, Mildred Warner ^g, Susan Baines ^h and Eleanor Carter ⁱ

^aNewcastle Business School, Northumbria University, UK; ^bKing's College London, UK; ^cNewcastle University Business School, Newcastle University, UK; ^dLondon School of Hygiene & Tropical Medicine, UK; ^eGlasgow Caledonian University, UK; ^fNewcastle Business School, Northumbria University, UK; ^gCornell University, USA; ^hManchester Metropolitan University, UK; ⁱBlavatnik School of Government, University of Oxford, UK

Social Impact Bonds (SIBs) are an innovation wherein, in theory, private investment, instead of government funding, is levered to fund social interventions (Warner, 2013; Edmiston & Nicholls 2018). They are promoted as a funding mechanism that will allow innovation in delivering social outcomes and provide opportunities for new providers to enter the 'market' for delivering social outcomes. Currently there are SIBs operating all over Europe and North America across a wide range of areas, including youth unemployment, mental health, criminal justice, and homelessness (NAO, 2015; Gustafsson-Wright, Gardiner, & Putcha, 2015). Yet, despite attracting substantial attention since 2007, predictions of an explosion of a market in bonds has yet to emerge (OECD, 2016). The editors of this *Public Money & Management* theme issue initially came together as researchers working in parallel on aspects of the social impact investment and SIB agenda and, as academics are inclined to do, we sought to collaborate through the means of a research conference in order to broaden the understanding in the crucible of theoretically and empirically informed debate.

This PMM theme is part of that collaboration with the original aim for our conference (initially a collaboration between Newcastle University and London School of Hygiene & Tropical Medicine [LSHTM], with the University of Oxford joining later) being to bring academics together with a range of policy-makers and practitioners working in the emerging SIB landscape. We wanted to stimulate new areas for research, exchange knowledge and learn from and impact policy and practice, nationally and internationally. The conference confirmed what we suspected (then and now) that the SIB debate is truly interdisciplinary and heterogeneous; spread across a variety of academic disciplines, policies, practices, professionals, sectors and places.

Despite the white heat of interest, the empirical evidence to date on SIBs remains limited. This is partially due to the number of SIBs initiated or (the many fewer) completed. Much of the work consists of commentary papers located in the 'grey' literature or evaluation reports of specific deployments, often produced by interested parties pursuing reform agendas that focused on the proposed and assumed benefits of SIBs. Wider academic critique, present from the beginning, has questioned whether SIBs represent a new way of doing things or are merely a distillation of long-term trends (Fraser, Tan, Lagarde, & Mays, 2018).

In our call for papers for this PMM theme, we sought to learn from the academic community but also from policy-makers and practitioners who have been evolving their thinking in parallel. Bringing together these, sometimes overly disparate communities, was important in relation to the challenges that SIBs seem to solve and create for stakeholders in order to bridge this gap by developing questions about the relationship of the overarching SIB 'project' with broader trends in social investment, social policy and social innovation in the wider social economy. Our themed issue also draws together a disparate community of academics working across a range of disciplines, including social policy, sociology, public administration, public management, law, political science, accounting and economics. The applied interdisciplinarity that ensues is partially a response to the multi-faceted nature of SIBs and the pressing questions that arise within an environment where there is pressure for a significant expansion of SIB-based programmes, despite the gaps in practical knowledge, empirical insight and theoretical understanding. The contributions we accepted for our PMM theme reflect this and naturally fall into two categories:

- Learning going on in the thinking about and doing of SIBs and social impact investment where those working on, in and with complex applied areas report on their observations about the challenges of the making of SIBs and shaping of the environment for SIBs.
- Contributions taking a step back from the space to examine the conceptual framings underlying the prevailing assumptions of investment and the role of investors.

Learning from doing: the challenges of a new form of funding—SIB-sidiary or SIB-stitution?

SIBs are partially meant to offer a substitution for existing or an alternative form of resources for commissioners and providers looking to deliver public services. In line with the history of complicated policy innovations (such as the private finance initiative and public-private partnerships), this has been found by the majority of those working on them to be easier in theory than in practice. It has been a steep learning curve for those pioneers who have been on a journey of understanding how and why SIBs work.

The paper by Fraser, Tan, Boaz, and Mays (2020) draws on their work for the UK Department of Health. They identify mechanisms by which SIBs may promote evidence use and explore these through empirical findings drawn from a three-year evaluation of SIBs applied to health and social care in the English NHS. Fraser et al. then highlight three mechanisms by which SIBs may encourage evidence-informed policy-making and evaluate their efficacy. Next, Hevenstone and von Bergen (2020) explore the claims of government transparency as an outcome of the implementation of SIBs in five countries, examining how transparency differs between SIB and non-SIB financed programmes to critique the current positions. The third full paper in our themed issue is by Jamieson et al. (2020) who report on a case study of a health SIB analysed through a sociotechnical systems lens. Jamieson et al. explore the question of whether the data production processes required for SIB accounts can really be drawn from the information produced through the delivery of the care by service providers in practice.

Burand's (2020) new development article applies the theory of incomplete contracting to show how SIBs are likely be functionally incomplete in that it is unable to describe and differentiate for future states in the context in which a SIB may be operational. Two of our debate pieces also fall into our learning-from-doing category. First, Carter (2020) posits the question of whether SIBs are drifting from their

founding discipline of payments for outcomes and social purpose and, if so, what this means for the goal of service improvement. The debate article by Lowe raises an overlooked issue around the significant set-up costs of SIBs based on a case study of a health SIB. Lowe (2020) questions whether the complexity of the contexts in which the resources are required mean that those engaged in the process can ever move beyond current bespoke approach to the more generic contracting mechanisms required to reduce set-up costs.

Limits to SIB-ability: framing the challenge of investors and of investment—political, technical or environmental?

Many proponents of SIBs talk of the SIB-ability of particular proposition. The following papers explore various aspects of this in terms of the framing of the discourses of the stakeholders including investors. The paper by De Gruyter, Petrie, Black, and Gharghori (2020) explores how SIBs align with investors' expectations and in terms of the rates of return required concludes that high net worth individuals potentially the best route as they may be prepared to accept lower financial returns at a higher risk blended with impact returns. Ormiston, Moran, Castellás, and Tomkinson, (2020) explore how expectations frame stakeholders' ideas about SIBs using press releases about SIBs. Ormiston et al.'s paper highlights how these narratives privilege the role of private investors and diminish the role of service providers as innovators. The new development article from Mollinger-Sahba, Flatau, Schepis, and Purchase (2020) explores the rhetoric of the market to critique the inadequacy of the discourse in dealing with the complexity of social value offering some ways of thinking about social innovation markets and in social impact investing.

In addition, our theme has three debate articles from a range of viewpoints on SIBs and the wider perspective of social impact investment. Warner (2020) considers whether the focus of SIBs should move away from marginalized clients and service providers, and instead apply market discipline on the private sector actors such property developers and bankers as the platform to ensure a more equitable contribution from the sector towards wider social value. Then we have Joy and Shields (2020) who take a critical approach to explore the deployment of SIBs as a policy instrument that financializes the social sphere suggesting that this approach reveals potentially significant effects on public values of equality, justice and rights and the ability to govern. The final debate article is from Then and Schmidt (2020) who widen our lens to examine the progress of social impact investment in welfare states focusing

on the regulatory character of social welfare policies in particular the roles and business model opportunities of social enterprises in the different countries contemplating these methods.

Concluding observations: 'whither SIBS?'

As ever in a 'hot' policy field, there is an element of more heat than light—especially in the crucible of an experiment with the degree of interest that the SIB movement brings. One conclusion that can be drawn from this carefully cultivated collection of contributions is that SIBs remain (and may in reality always be) a relatively small part of the wider mix of the conversations surrounding social policy, social investment, and social impact. Whatever problems that SIBs may solve for politicians, governments, policy-makers and other stakeholders, they seem in equal part to create new challenges for those stakeholders operating in the contexts of making them work. A coherent, practical, ethical, efficient and/or effective funding instrument for public and social policy in the form or spirit of SIBs may remain out of reach and might, in fact, be a mirage. That talk of a discernible 'SIB effect' is certainly true—at least in the way that it has absorbed the energy of a community in working through its implications at all levels of the policy and practice ecology.

To move forward, we need to broaden the debate in a way that retains the creative focus of policy-makers and practitioners with academics that we have seen in the learning we have done, but allies it to more challenging thinking about the moral imperatives and complex realities of the systems that produce both the inequalities and services for those with the most challenging needs in society (Morley, 2019). So, although we have posed the question 'whither social impact bonds?' in this editorial, we might actually be considering the question of 'whether the future resourcing mechanisms of public services?' and whether the comparatively short term approach of a SIB (and the associated technical issues that emerge) are really fit to address the embedded intergenerational societal environmental health and welfare problems all countries face (Hemerijck, 2013).

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ORCID

Rob Wilson  <http://orcid.org/0000-0003-0469-1884>
Alec Fraser  <http://orcid.org/0000-0003-1121-1551>
Jonathan Kimmitt  <http://orcid.org/0000-0003-1121-5181>
Stefanie Tan  <http://orcid.org/0000-0002-6152-9851>
Neil Mchugh  <http://orcid.org/0000-0002-2567-1527>
Toby Lowe  <http://orcid.org/0000-0003-0699-9962>
Mildred Warner  <http://orcid.org/0000-0002-0109-338X>
Susan Baines  <http://orcid.org/0000-0002-3859-9448>
Eleanor Carter  <http://orcid.org/0000-0001-5774-7728>

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